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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

| | |
|---|---|
| Proceeding | 91203192 |
| Party | Plaintiff<br>Beats Electronics, LLC |
| Correspondence Address | MICHAEL G KELBER<br>NEAL GERBER & EISENBERG LLP<br>TWO NORTH LaSALLE STREET , SUITE 1700<br>CHICAGO, IL 60602<br>UNITED STATES<br>mkelber@ngelaw.com, llozada@ngelaw.com, mhall@ngelaw.com, mbenson@ngelaw.com |
| Submission | Motion to Strike |
| Filer's Name | Luis M. Lozada |
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| Signature | /Luis M. Lozada/ |
| Date | 03/01/2012 |
| Attachments | Beats v Merkury Innovations.pdf ( 14 pages )(977519 bytes ) |

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**
**BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of:
Application Serial No. 85/203,076
Published in the *Official Gazette*
September 6, 2011

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| BEATS ELECTRONICS, LLC, | ) | |
| | ) | |
| Opposer, | ) | |
| | ) | |
| v. | ) | Opposition No. 91203192 |
| | ) | |
| MERKURY INNOVATIONS, LLC , | ) | |
| | ) | |
| Applicant. | ) | |

**OPPOSER'S MOTION TO STRIKE AFFIRMATIVE DEFENSES**

Opposer Beats Electronics, LLC ("Beats"), pursuant to Federal Rule of Civil Procedure 12(f) and TBMP §506, hereby moves this Board for an order striking Applicant's Affirmative Defenses, each of which is fatally flawed and serves only to confuse the issues in the case and unnecessarily increase the expense of discovery. In support of this motion, Beats states as follows:

1. On December 29, 2011, Beats initiated this proceeding against Applicant, opposing Applicant's U.S. App. No. 85/203,076 for the mark "URBAN BEATZ" for use in connection with "headphones" in International Class 9, on the grounds that the mark Applicant seeks to register is likely to cause confusion, mistake, or deception, in that purchasers would be likely to believe Applicant's headphones are Beats' headphones, or in some way legitimately connected with, sponsored by, or approved by Beats.

2. On January 23, 2012, Applicant filed its Answer, Affirmative Defenses and Counterclaims (attached hereto as Exhibit A), which states eleven purported defenses, namely (i) no likelihood of confusion because the parties' respective marks are sufficiently different in their entireties; (ii) Beats' purported failure to plead or establish its ownership of a Beats family of marks; (iii) no likelihood of confusion because the "beats" mark is purportedly descriptive and/or highly suggestive in relation to headphones; (iv) no likelihood of confusion because Beats' marks are purportedly only entitled to a very narrow scope of protection due to third party marks; (v) no likelihood of confusion because Beats purportedly admitted during the prosecution of Registration No. 3,532,627 that "beats" is suggestive of the beat accompanying music, and, as such, the mark is not particularly strong; (vi) no likelihood of confusion because Beats purportedly admitted during the prosecution of Registration No. 3,532, 627 that consumers of headphones are sophisticated; (vii) no likelihood of confusion because "beats" is only entitled to a narrow scope of protection as evidenced by a co-existence agreement entered into with the owner of (now canceled) Registration No. 2,550,923 for the mark LIGHT BEATS for headphones; (viii) no likelihood of confusion due to consumer sophistication[1]; (ix) unclean hands; (x) failure to state claim upon which relief may be granted; and (xi) equitable estoppel. Each of these defenses is fatally deficient, and should be stricken.

3. Though motions to strike are disfavored, such motions should be granted when they "simplify the pleadings and save time and expense by excising from [the pleading] any redundant, immaterial, impertinent, or scandalous matter which will not have any possible bearing on the outcome of the litigation." *Garlanger v. Verbeke*, 223 F. Supp. 2d 596, 609 (D.N.J. 2002). *See also Heller Fin., Inc. v. Midwhey Powder Co.*, 883 F.2d 1286, 1294 (7th Cir. 1989) ("where … motions to strike remove unnecessary clutter from the case, they serve to

[1] The Board should note that Affirmative Defenses Six and Eight are legally identical.

expedite, not delay"). Furthermore, where an affirmative defense that "might confuse the issues in the case and would not, under the facts alleged, constitute a valid defense to the action, [the affirmative defense] can and should be deleted." *Waste Mgmt. Holdings, Inc. v. Gilmore*, 252 F.3d 316, 347 (4th Cir. 2001). That is the case here. Applicant's defenses are insufficient on their face and do not constitute valid defenses in this action and would only serve to clutter the case and waste time and resources.

4. Applicant's First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Affirmative Defenses should be stricken because they are not affirmative defenses at all. An affirmative defense is an "assertion raising new facts and arguments that, if true, will defeat the plaintiff's or prosecution's claim, even if all allegations in the complaint are true." *Emergency One, Inc. v. Am. Fire Eagle Engine, Co.*, 332 F.3d 264, 271 (4th Cir. 2003) (internal quotation omitted). Thus, an affirmative defense must raise matters that are distinct from, and not merely denials of, the elements of the opposing party's claims. *Id.* at 272. Here, Applicant's First, Third, Fourth, Fifth, Sixth, Seventh and Eighth Affirmative defenses, which assert no likelihood of confusion based on various reasons, must fail because they raise no affirmative matter that, if proven, would defeat Beats' claim. *See Carson Foundation v. Toilets.com Inc.,* 94 U.S.P.Q. 2d 1942, 1949 (TTAB 2010) (affirmative defense of no likelihood of confusion is nothing more than a denial of such a claim and not a true defense). Similarly, Applicant's Second Affirmative Defense merely denies that Beats has failed to plead or establish that it owns a family of BEATS marks, again a general denial that raises no affirmative matter capable of defeating Beats' claim. "Affirmative Defenses" One through Eight serve only as general denials of Beats' claim, and are redundant of the denials contained in the Answer and should be stricken. *See Order of Sons of*

*Italy in Am. v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1223 (TTAB 1995) (striking defense because it was "nothing more than a restatement of the denial").

5. Applicant's Ninth and Eleventh Affirmative Defenses should be stricken because they are merely conclusory allegations devoid of any factual allegation that would put Beats on notice of the basis of Applicant's defense. Applicant's Ninth Affirmative Defense, that Beats' claims are barred by the doctrine of unclean hands, is completely absent of any facts describing what activity Beats engaged in to support Applicant's allegation. Therefore, Beats will require substantial discovery to learn the actual bases of Applicant's affirmative defense of unclean hands before it can prepare to respond. *See Midwest Plastic Fabricators Inc. v. Underwriters Laboratories Inc.* 5 U.S.P.Q. 2d 1067, 1069 (TTAB 1987) (conclusory allegations are insufficient to state a defense of unclean hands). Beats will require similar discovery to ascertain the factual bases of Applicant's Eleventh Affirmative Defense, that Beats claims are barred under the doctrine of equitable estoppel. It has been consistently held that the doctrine of estoppel may be invoked only by one who has been prejudiced by the conduct relied upon to create the estoppel, and a party may not therefore base its claim for relief on the asserted rights of strangers with whom it is not in privity of interest. *See Textron, Inc. v. The Gillette Co.,* 180 U.S.P.Q. 152, 154 (TTAB 1973) (internal citations omitted). Applicant has failed to plead any facts that show reliance on, or prejudice caused by, Beats conduct. Therefore, Applicant's Ninth and Eleventh Affirmative Defense should also be stricken.

6. Finally, Applicant's Tenth Affirmative Defense, Beats' failure to state a claim, should also be stricken because it is not an affirmative defense. "The asserted defense of failure to state a claim upon which relief can be granted is not a true affirmative defense because it

relates to an assertion of the insufficiency of the pleading of opposer's claim rather than a statement of a defense to a properly plead claim." *Carson Foundation,* 94 U.S.P.Q. 2d at 1949.

7. As a result of the foregoing deficiencies, if Applicant's defenses are allowed to stand, Beats will be forced to serve numerous discovery requests and dedicate substantial deposition time, not only to discover the basis of Applicant's Affirmative Defenses, but also to prepare Beats' responses to these defenses. Granting the present motion will, therefore, serve the interests of the parties and the Board by removing irrelevant and unnecessary issues from the proceeding and allow this case to move forward in an efficient and focused manner. *Garlanger*, 223 F. Supp. 2d at 609. Thus, on this basis too, the Board should strike all eleven of Applicant's Affirmative Defenses.

WHEREFORE, Beats respectfully requests that the Board:

(1) enter an Order granting its Motion and striking each of Applicant's Affirmative Defenses;

(2) grant Beats any such additional and further relief that the Board deems proper.

Respectfully Submitted

Beats Electronics, LLC

Date: March 1, 2012

By: /Luis M. Lozada /

Michael G. Kelber
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## CERTIFICATE OF TRANSMISSION

I, Luis M. Lozada, hereby certify that the foregoing ***Opposer's Motion to Strike Affirmative Defenses*** is being electronically transmitted via the Electronic System for Trademark Trials and Appeals ("ESTTA") at http://estta.uspto.gov/ on the date noted below:

Date: March 1, 2012

By: /Luis M. Lozada/
One of the Attorneys for Beats Electronics, LLC

Michael G. Kelber
Luis M. Lozada

Neal, Gerber & Eisenberg LLP
Two North LaSalle Street, Suite 1700
Chicago, Illinois 60602-3801
(312) 269-8000

## CERTIFICATE OF SERVICE

I, Luis M. Lozada, state that I served a copy of the foregoing ***Opposer's Motion to Strike Affirmative Defenses***, via first class U.S. mail, postage pre-paid, upon Applicant:

Anthony F. Lo Cicero
Holly Pekowsky
AMSTER, ROTHSTEIN & EBENSTEIN LLP
90 Park Avenue
New York, NY 10016

in accordance with Trademark Rule §§ 2.201 and 2.119 on this 1st day of March, 2012.

/ Luis M. Lozada /

NGEDOCS: 1877359.1

# Exhibit A

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**
**BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

| | |
|---|---|
| BEATS ELECTRONICS, LLC,<br><br>Opposer,<br><br>v.<br><br>MERKURY INNOVATIONS, LLC,<br><br>Applicant. | Opposition No. 91203192 |
| MERKURY INNOVATIONS, LLC,<br><br>Petitioner,<br><br>v.<br><br>BEATS ELECTRONICS, LLC,<br><br>Registrant. | |

**ANSWER, AFFIRMATIVE DEFENSES AND COUNTERCLAIMS**

Applicant/Counterclaim Petitioner Merkury Innovations, LLC ("Merkury"), through its attorneys Amster, Rothstein & Ebenstein LLP, answers the Notice of Opposition filed by Opposer/Counterclaim Registrant Beats Electronics, LLC ("BE"), as follows:

1. Merkury admits the truth of the allegations contained in Paragraph 1 of the Notice of Opposition.

2. Merkury admits the truth of the allegations contained in Paragraph 2 of the Notice of Opposition.

3. Merkury lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 3 of the Notice of Opposition, and, accordingly, denies the same.

4. Merkury lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 4 of the Notice of Opposition, and, accordingly, denies the same.

5. Merkury lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 5 of the Notice of Opposition, and, accordingly, denies the same.

6. Merkury denies the truth of the allegations contained in Paragraph 6 of the Notice of Opposition.

7. Merkury denies the truth of the allegations contained in Paragraph 7 of the Notice of Opposition.

8. Merkury denies the truth of the allegations contained in Paragraph 8 of the Notice of Opposition.

**AFFIRMATIVE DEFENSES**

9. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since the respective marks are sufficiently different, in their entireties, to avoid confusion.

10. BE has failed to plead or establish that it owns a family of BEATS marks as that term is used in trademark law.

11. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since "beats" is descriptive and/or highly suggestive in relation to headphones.

12. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since BE's purported marks are only entitled to a very narrow scope of protection due to third party marks.

13. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since by BE's own admission, during prosecution of Registration No. 3,532,627, "'beats' is suggestive of the beat accompanying music, and, as such, this mark is not particularly strong."

14. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since, by BE's own admission, during prosecution of Registration No. 3,532,627, consumers of headphones are sophisticated.

15. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since BE's mark is only entitled to a narrow scope of protection, as evidenced by the fact that BE has already entered into a coexistence agreement with the owner of Registration No. 2,550,923 for the mark LIGHT BEATS for headphones.

16. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks due to consumer sophistication.

17. BE's claims are barred by the doctrine of unclean hands.

18. BE has failed to state a claim upon which relief may be granted.

19. Upon information and belief, BE's claims are barred under the doctrine of equitable estoppel.

20. Merkury has insufficient information upon which to form a belief as to whether it may have additional unstated Affirmative Defenses. Merkury reserves the right to assert additional Affirmative Defenses in the event discovery indicates that they are appropriate.

WHEREFORE, Merkury requests that this Opposition be denied in all respects.

**COUNTERCLAIMS TO CANCEL REGISTRATION NOS. 3,532,627, 3,862,142 AND 4,035,777**

Applicant/Counterclaim Petitioner Merkury Co., Ltd. ("Merkury") by and through its attorneys, hereby counterclaims seeking cancellation of: (1) U.S. Trademark Registration No.

3,532,627 for the mark BEATS for audio equipment, namely, headphones registered November 11, 2008; (2) U.S. Trademark Registration No. 3,862,142 for the mark BEATS for headphones registered October 12, 2010; and (3) U.S. Trademark Registration No. 4,035,777 for the mark BEATS for audio speakers; loudspeakers registered October 4, 2011, all owned by Opposer/Counterclaim Registrant Beats Electronics, LLC ("BE").

The grounds for cancellation are as follows:

**Background Facts**

21. Merkury incorporates each and every response of the foregoing answer and affirmative defenses into these counterclaims as though fully set forth herein.

22. Merkury is a New York limited liability company having a place of business at 180 Maiden Lane, 28th Floor, New York, New York 10038.

23. On or about December 29, 2011, BE commenced the instant Opposition (the "Opposition") seeking to prevent registration of Merkury's Application Serial No. 85/203,076 for the mark URBAN BEATZ for headphones ("Merkury's Mark").

24. In the Opposition, BE asserted, among others, three Registrations for the mark BEATS (the "Subject Mark"), namely: (1) U.S. Trademark Registration No. 3,532,627 for audio equipment, namely, headphones registered November 11, 2008; (2) U.S. Trademark Registration No. 3,862,142 for headphones registered October 12, 2010; and (3) U.S. Trademark Registration No. 4,035,777 for audio speakers; loudspeakers registered October 4, 2011, 48,763 (collectively, the "Subject Registrations"). Specifically, BE alleged that Merkury's Mark should be denied registration since confusion is likely between Merkury's Mark and BE's marks.

25. Merkury has standing to bring the instant Counterclaims to cancel the Subject Registrations since BE has asserted the Subject Registrations against Merkury in the Opposition.

See T.B.M.P. § 309.03(b) ("a counterclaimant's standing to cancel a pleaded registration is inherent in its position as defendant in the original proceeding.").

**COUNT I - DESCRIPTIVENESS**

26. Merkury incorporates each and every allegation of the preceding paragraphs as though fully set forth herein.

27. The Subject Registrations should be canceled pursuant to 15 U.S.C. § 1052(e)(1) since the Subject Mark is merely descriptive of the headphones, audio speakers and loud speakers covered by the Subject Registrations.

28. In particular, headphones are typically used to listen to music, and beats are the underlying pulsation of music. Thus, "beats" immediately describes the sound heard through headphones.

29. Similarly, audio speakers and loudspeakers are typically used to listen to music, and beats are the underlying pulsation of music. Thus, "beats" immediately describes the sound heard through audio speakers and loudspeakers.

30. During prosecution before the Patent and Trademark Office of the Subject Registrations, BE did not allege that the Subject Mark has acquired secondary meaning.

31. For at least the reasons stated herein, the continued registration of the Subject Registrations would in all likelihood be damaging to Merkury.

**COUNT II - DUPLICATE REGISTRATION**

32. Merkury incorporates each and every allegation of the preceding paragraphs into these counterclaims as though fully set forth herein.

33. BE owns U.S. Trademark Registration No. 3,532,627 for the mark BEATS for audio equipment, namely, headphones (the "'627 Registration").

34. BE owns U.S. Trademark Registration No. 3,862,142 for the mark BEATS for headphones (the "'142 Registration").

35. Headphones are, by definition, audio equipment.

36. Accordingly, the 627 Registration and the '142 Registration cover the same mark for the same goods.

37. Under the Trademark Rules, the Trademark Office should deny registration of a mark where registration would result in duplicate marks. 37 C.F.R. § 2.48 ("If two applications on the same register would result in registrations that are exact duplicates, the Office will permit only one application to mature into registration, and will refuse registration in the other application.").

38. Based on the foregoing, the Trademark Office should have refused registration of the later filed Registration, *i.e.*, the '142 Registration.

39. Accordingly, the '142 Registration should be canceled as a duplicate mark.

***

Based on all of the foregoing, the Subject Registrations should be canceled.

Respectfully submitted,

AMSTER, ROTHSTEIN & EBENSTEIN LLP
Attorneys for Merkury Innovations, LLC
90 Park Avenue
New York, New York 10016
(212) 336-8000

Dated: New York, New York
January 23, 2012

By: _____
Anthony F. Lo Cicero
Holly Pekowsky

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that she is one of the attorneys for Merkury M/S. Indeutsch International in the above-captioned Opposition proceeding and that on the date which appears below, she caused a copy of the foregoing ANSWER, AFFIRMATIVE DEFENSES AND COUNTERCLAIMS to be served on the attorneys for Opposer Beats Electronics, LLC by first class mail by causing a copy thereof to be placed in a depository under the care and custody of the United States Postal Service, in the State of New York, postage pre-paid, in a wrapper addressed as follows:

Michael G. Kelber, Esq.
Neal Gerber & Eisenberg LLP
Two North LaSalle Street
Suite 1700
Chicago, IL 60602

Holly Pekowsky

Dated: New York, New York
January 23, 2012

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